

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6321-01  
Bill No.: HB 2100  
Subject: Taxation and Revenue - Sales and Use; Boats and Watercraft; Revenue Dept.  
Type: Original  
Date: April 9, 2012

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Bill Summary: This proposal would define sale at retail for sales tax purposes to include motor vehicle registration with the Director of Revenue, regardless of the location of the sale.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of the Secretary of State (SOS)** assume this proposal would have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules** assume that this proposal would not have a fiscal impact to their organization in excess of existing resources.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would not result in additional costs or savings to their organization.

This proposal would add to the definition of retail sale for the purposes of taxation; motor vehicle sales by an out-of-state seller to a Missouri buyer would be considered a retail sale. This proposal would have no impact on state revenues because of the existing state use tax. However, this proposal would increase local revenues for subdivisions that do not currently impose a use tax. BAP defers to the DOR for any estimated increases.

BAP officials stated that this proposal may impact the Constitutional revenue limit imposed in Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** assume this proposal would not have a fiscal impact to their organization. The proposal would allow the department to collect sales tax for local governments when motor vehicles purchased outside the state of Missouri are registered. A recent Missouri Supreme Court decision had outlawed the DOR practice of collecting sales tax for local governments on such sales, and DOR officials advised us that some local governments do not have a use tax.

**Oversight** notes that this proposal would allow local governments which have not enacted a use tax to receive sales taxes on vehicles purchased by residents in transactions outside the state. With an average new vehicle price of \$20,000 and average local sales tax rate of 3.5%, 143 sales would be required to have a fiscal impact of \$100,000 to local governments.

For fiscal note purposes, **Oversight** will indicate an unknown positive impact for local governments for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**LOCAL GOVERNMENTS**

Additional revenue - sales tax on vehicles  
purchased outside the state

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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**ESTIMATED NET EFFECT ON  
LOCAL GOVERNMENTS**

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to a small businesses which purchased a motor vehicle, trailer, boat, or outboard motor from an out-of-state seller.

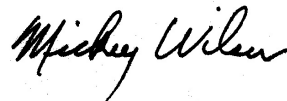
FISCAL DESCRIPTION

The proposed legislation would allow the Department of Revenue to collect sales tax for local governments on motor vehicles purchased outside the sate.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 9, 2012